



September Commission Meeting Minutes

Location of Meeting:

Heathman Lodge
4220 6th Avenue SE
Lacey, WA 98503.

Meeting Date:

September 8, 2016

Commissioners Present:

Julia Patterson, Vice-Chair
Chris Stearns
Ed Troyer
Kelsey Gray, PhD.

Ex Officios Present:

Senator Mike Hewitt
Representative Christopher Hurst

Staff Present:

David Trujillo, Director
Amy Hunter, Deputy Director
Josh Stueckle, Agent-in-Charge
Brian Considine, Staff Attorney
Julie Lies, Tribal Liaison
John Meader, Assistant Attorney General
Julie Anderson, Executive Assistant

-Public Meeting-

Welcome

Bud Sizemore, Chair

Chair Sizemore called the Washington State Commission (Commission) meeting to order at 11:35 a.m. and went immediately into Executive Session to **Discuss Pending Investigations, Tribal Negotiations and Litigations** and adjourned at 11:40 AM.

The meeting reconvened at 1:30 p.m. and Chair Sizemore welcomed everyone back to the public portion of the meeting and introductions were made.

There were about 50 audience members.

Agenda

Director's Report:

Director Trujillo welcomed everyone to Vancouver. He mentioned that staff are trying to streamline the agenda. Whereas, the Minutes will now be located under the Director's tab as part of a consent agenda. We are looking into other items that can be moved into this type of agenda.

The Director gave special recognition to Danny Lisa for his outstanding work. Special Agent Lisa has taught the gambling section at the Academy for several years now, probably teaching 200 classes to over 3,000 recruits.

Director Trujillo mentioned the Commissioner approved 2017-19 Biennium Budget has been sent to the Office of Financial Management.

Chair Sizemore and Commissioner Troyer will be attending G2E, the Global Gaming Expo, along with several of the Gambling Commission staff. Director Trujillo asked the Commissioners that attend G2E to report back at the next Commission meeting on new and interesting ideas they see.

Tab 1a

August Minutes

Commissioner Stearns moved to adopt August Commission meeting minutes as presented.

Commissioner Gray seconded the motion.

The motion passed 5:0.

Tab 1b

2017 Meeting Schedule

The 2017 Commission Meeting schedule was presented to the Commissioners. Commissioner Stearns suggested having a Commission Meeting at Suquamish Clearwater Casino Resort in 2017. Chair Sizemore suggested the meetings stay closer to Olympia during the 2017 Legislative Session. Julie Anderson will work on the changes and present the schedule back to the Chair.

Tab 1c

Fee Restructure Outreach and Stakeholders Update

Deputy Director Amy Hunter presented the materials for Fee Restructure Outreach and Stakeholders Update. Chair Sizemore asked Deputy Director Hunter to explain what the fees are required to cover. She explained they are to cover three types of work: 1. Regulation and licensing; 2. Unlicensed activities; and 3. Criminal work. Deputy Director Hunter has met with 90% of the people in the audience. Also, Deputy Director Hunter has met with three charitable/non-profit organizations. There were several licensees in the audience as well and some of them gave public comment.

The Commissioners heard public comment.

Ric Newgard, Executive Director, Seattle Jr. Hockey Association

Mr. Newgard thanked Amy and the Commissioners for taking time to listen to what the public had to say. Mr. Newgard said his fees will increase by 400%. He specifically asked to have a work group, which includes Commissioners, to solve the problem or at the very least get closer. He suggested having a Commission meeting next year in Chelan. Chair Sizemore asked Mr. Newgard what it would look like to him if he were to build a Fee Restructure. Mr. Newgard agreed that it would be tough to build a fee structure that would be fair for everyone.

Commissioner Patterson asked Mr. Newgard to explain if they had a round table discussion, who should be at the table for that discussion. Mr. Newgard suggestion for the sit down would be staff and individuals from the industry that actually do this for a living.

John Clapp, General Manager, of 40 et 8 Bingo

Mr. Clapp mentioned meeting with Deputy Director Hunter. His comment was simple, “You’ll close our doors.” He explained he was a nonprofit organization and their money goes back into the community. He also reminded the Commissioners that he is going to be competing with an Indian Casino soon. He agrees with Mr. Newgard’s recommendations for a fee restructure.

Jim Routos, Owner, Skyway Park

Mr. Routos explained his opinion of the new fee restructure looks to him like a super excise tax on card room businesses. He explained that he thinks the card room industry is dying on the vine. He said his costs are leaping up every year. Mr. Routos had questions regarding if it was appropriate for the Gambling Commission to increase the fees when their primary job is to regulate the industry.

Victor Mena, President, Recreational Gaming Association and Chief Operating Officer, Washington Gold Casino.

Mr. Mena does agree that in order for a stakeholder like himself and the industry to be able to give an educated response to the question of should the Gambling Commission do a fee restructure, they would need more information than what has been presented to them. He is just not sure there isn’t a better solution. Mr. Mena agrees with Ric’s recommendation to have a sit down discussion with staff. Once that level of discussion has happened then he would be willing to take it to the Commissioners and Ex-Officios. He also cautioned Commissioners to take a hard look at this fee restructure, taking into consideration what the impacts will be to small businesses after the minimum wage increase happens in November.

Representative Hurst appreciated the public comment. He also said he would like to see the Gambling Commission funded through the general fund, then we wouldn’t be looking at fees as a budgetary issue so much. Representative Hurst is hopeful that in the next few years we won’t have a Gambling Commission that is not properly staffed and properly funded. He continued by saying he is hoping to have a proposal by December that would be heard at the Committee Assembly Days that offers a few news ideas so that we wouldn’t be having this discussion.

Tab 2

Update on the National Indian Gaming Association Presentation

Representative Hurst introduced Councilman David Bean from the Puyallup Tribe of Indians. Councilman Bean introduced himself in his native language and thanked the Commissioners for the invitation to update the Gambling Commission. Councilman Bean presented a Power Point Presentation. He went over Tribal Gaming and explained that the National Indian Gaming Association (NIGA) includes 184 Indian tribes and nations from 35 different states. He spoke

about NIGA's mission of protecting and preserving tribal sovereignty and the ability of Tribes to attain economic self-sufficiency through gaming and other forms of economic development.

Commissioner Stearns thanked Councilman Bean and said he appreciated everything NIGA's is doing and he respects what is being done for the tribes. Commissioner Stearns also asked Councilman Bean if he would work with the Commission on problem gambling. Councilman Bean replied, absolutely. Commissioner Patterson told Councilman Bean she was very inspired by listening to the presentation.

Tab 3

Agency Request for Legislation

Brian Considine presented the materials for this tab.

RCW 9.46.0209 – Remove 15 voting member requirement for charitable nonprofit organizations

RCW 9.46.210 – Providing immunity to agents in limited circumstances (similar to HB 2765)

Commissioner Patterson moved to submit both the requests to the Governor's Office as agency request legislation.

Commissioner Stearns seconded the motion. The motion passed 5:0.

Tab 4

Petition from Teresa Malphrus

Poker Wagering and Rake Increase

WAC 230-15-080 Authorized fees and authorized methods of collection

WAC 230-15-135 Wagering limits for nonhouse-banked card games

Deputy Director Hunter presented the materials for this tab. This is the fourth month this has been before the Commission. The request has changed since the August Commission meeting. This petition would impact three card rooms, of which Ms. Malphrus owns one of them. Ms. Malphrus is asking that the wagering limits go to \$300 for Class F card rooms. Commissioner Stearns asked when the rule the Commissioners passed at the August meeting (Mr. Teeney's petition) would take effect. Deputy Director Hunter answered September 26.

Tab 5

Petition from the Recreational Gaming Association

Promotions

WAC 230-06-030 Restrictions and conditions for gambling promotions

WAC 230-06-031 Using wheels in promotional contests of chance, fund raising events, or gambling activities- Promotional Contests of Chance (PCOC)

Agent-in-Charge Josh Stueckle presented the materials for this tab. This change will allow entry to those eligible to participate, based upon the rules and regulations that are displayed. It would also allow lottery tickets to be given out as prizes. The operators would be able to add additional cash and merchandise to licensed gambling activities. It would allow licensed manufacturers, distributors and service suppliers to give cash to licensees to give away as promotional prizes. It would allow card rooms the ability to use physical drawings, a selection from concealed items,

and to use a spinning wheel as part of the gambling promotion. And then it would further clarify that gambling promotions do not need the approval from the Gambling Commission agents.

Commissioners Troyer and Gray along with RGA, met with Gambling Commission staff on August 23rd, 2016 to draft language. Director Trujillo explained they had another meeting with RGA on September 7th to discuss the details on how the promotional prizes or merchandise are to be given away and what the prizes are. If the prizes are over \$25,000 pre-approval is required by the director or his designee. Also, the Commission agreed to a report back to the Commission once a year on what promotions have happened throughout the year.

Chair Sizemore asked if the Commission would see final language at the October meeting. Director Trujillo reiterated that it would depend on the language getting to the Code Reviser's office before the cutoff date.

Ms. Dolores Chiechi thanked the Commissioners and staff but wanted to express her disappointment. She does recognize the administrative process through the Code Reviser's office. Commissioner Troyer asked if there was a specific promotion they wanted to have in place before the holiday season. There was some discussion whether the language could be changed and action taken at the meeting.

Tab 6

Reporting, Recordkeeping and non-transferability of Tokens

WAC 230-13-075 - Assigning and reporting group numbers of authorized amusement games

WAC 230-13-170 - Recordkeeping for commercial amusement games

WAC 230-07-125 - Recordkeeping requirements for lower volume charitable or nonprofit organizations

WAC 230-13-005 - Amusement games authorized

Agent-in-Charge Josh Stueckle presented the materials for this tab. This rule requires notification to the Gambling Commission within 30 days of putting in a new Group 12 amusement game into play, or removing a Group 12 game from play. It also makes changes to the recordkeeping requirements for the commercial amusement games. It records gross gambling receipts from the Group 12 amusement games separate from the gross gambling receipts of Groups 1 through 11. It also allows tokens in an amusement game accounting system that cannot be comingled with any other tracking, reward, or gambling related redemption system. Mr. Jay Gerow from ZDI Gaming representing ADOW group asked for clarity on whether Group 12 being gambling or not amusement? Deputy Director Hunter clarified "gross gambling receipts" for Mr. Gerow. Chair Sizemore asked if we could come up with another term in the future so it isn't so confusing.

Tab 7

Recreational Gaming Association Petition

Wagering Limits for House-Banked Card Games

WAC 230-15-140 Wagering limits for house-banked card games

Director Trujillo presented the materials for this tab. This is a requested amendment to WAC 230-15-140, wagering limits for house-banked card games. This up for discussion and possible filing. We talked a little bit about it at study session last month.

It is only a one word change. It would change “300” to “500”. At this point currently, the wager limit is \$300. This would increase the wagering limit to \$500. Commissioner Stearns asked about the amount of money one would make.

Commissioner Gray moved to file the petition for further discussion.

Commissioner Troyer seconded the motion. The motion passed 5:0.

Tab 8

New Licenses and Class III Employees

Agent-in-Charge Stueckle presented the materials in this tab. Staff recommends approval of the new licenses and Class III gaming employees listed on pages 1 through 17.

Vice Chair Patterson moved to approve the new licenses as presented on pages 1 through 17.

Commissioner Gray seconded the motion.

The motion passed 5:0.

Agent in Charge Stueckle also presented the materials for Class III Gaming Employees.

Commissioner Patterson moved to approve the Class III certifications for the Snoqualmie Tribe. Commissioner Gray seconded the motion.

The motion passed 4:0.

Commissioner Stearns abstained.

The Commissioners had further discussion regarding Tab 5.

Petition from the Recreational Gaming Association

AAG Meader’s recommendation would be to not make the change at this time. We will hear more discussion at the October meeting.

Other Business/General Discussion/Comments from the Public

Director Trujillo acknowledged Senator Hewitt for his continued hard work on behalf of the Gambling Commission.

Chair Sizemore wanted to recognize the upcoming weekend as an anniversary that everyone should remember, September 11. The Gambling Commission is a Law Enforcement agency and we have folks that put themselves at risk every day. Please give consideration to our officers.

Director Trujillo mentioned Sheriff John Snaza is recovering from serious injuries.

Meeting adjourned at 3:46 p.m.